

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7563

BILL NUMBER: SB 420

DATE PREPARED: Jan 7, 1999

BILL AMENDED:

SUBJECT: Property tax assessment.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: *Property Assessment:* This bill provides that the county assessor is responsible for the assessment of real and personal property in counties other than Marion County. It provides that in Marion County the township assessor retains the assessment duties. It also allows the county assessors to hire any person, including elected township assessors, to perform assessment duties.

County Land Commissions: The bill reestablishes county land valuation commissions. It also provides that elected township assessors shall serve on the county land valuation commissions.

Effective Date: January 1, 2001; July 1, 2002; January 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Property Assessment:* This bill transfers the responsibility for the assessment of real and personal property, and related duties, from the township assessor to the county assessor with the exception of Marion County. The county assessor is allowed to employ or contract with anyone, including the elected township assessor or township assessor-trustee, to perform the assessment duties. This bill increases the responsibilities of the county assessor.

Most township assessing expenses are paid from the county General Fund. However, townships may supplement the salaries of elected assessors and trustee-assessors under current law. Current law also entitles township assessors to a \$1,000 salary increase for being certified as a level two assessor-appraiser. This proposal would remove the \$1,000 salary increase (except in Marion County) and the ability to supplement township salaries, thereby reducing expenses for some townships.

The expenditures of a county could increase if the county assessor hires or contracts with an individual(s) to perform the assessment of real and personal property. However, consolidation of assessing duties could also eliminate overlapping expenses, if any, between the county and the township. If this is the case, then overall assessing expenses could also be reduced.

Overall county and township spending would still be limited to available funds including property tax under the maximum levy. As discussed below in Local Revenues, there should not be any overall change in property tax under this bill which reduces the likelihood that there would be any increase in overall county plus township spending. The fiscal impact is, however, dependent on local action.

Explanation of Local Revenues: *Property Assessment:* The consolidation of property assessment at the county level could produce more uniform assessments on a county-wide basis. Better uniformity among property assessments, if any, would help to produce a fairer distribution of the property tax burden.

Except in Marion County, the bill would require the State Tax Board to adjust county and township maximum levies in CY 2003 to reflect changes in township assessors' duties. The Tax Board would increase county maximum levies by the portion of the township budgets used for assessing plus 5%. These township and county maximum levy adjustments would basically offset, eliminating any change in overall revenues or property tax levies.

County Land Commissions: County land valuation commissions were abolished by HEA 1783 (97) in favor of requiring township assessors to determine land values by November 1 preceding the effective date of a general reassessment. This bill reestablishes the county land commissions in a form much the same as they existed before 1997, but with one difference -- the township assessor of the township under review instead of a township assessor appointed by the county executive would be a member of the commission.

Each commission would be comprised of nine members including the county assessor, who serves as chairperson, two township assessors (one of which is a rotating position held by the township assessor whose township is under review), one real estate broker or salesperson, one individual representing each of the four classes of land, and one individual representing a financial institution.

Under the proposal, the commissions would determine the value of all land in the county using State Tax Board guidelines and forward the land values to the county property tax assessment board of appeals by December 31 prior to the year in which the reassessment commences. In Marion County, the county assessor, as secretary of the board of appeals would be required to notify the township assessors of the values determined by the Commission.

Since the county land valuation commissions would determine land values on a county-wide basis, it is assumed that there would be an initial high level of uniformity within the county. Under current law, if the township assessors determine land values, the values would probably be uniform within the township, but they may not be uniform county-wide. Better uniformity among property assessments would help to produce a fairer distribution of the property tax burden.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: All townships and counties except for those townships located in Marion County.

Information Sources: